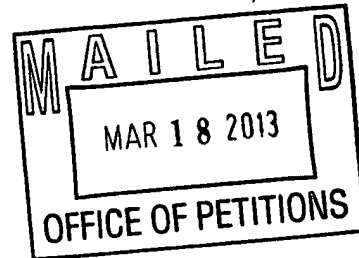




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In re Patent No. 6,223,937  
Issued: May 1, 2001  
Application No.: 09/441,869  
Filing Date: November 17, 1999  
Attorney Docket No. **337/1/003**

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: ON PETITION  
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This is a decision on the petition under 37 CFR 1.378(e), filed April 29, 2011, to reinstate the above-identified patent and is responsive to the communications filed on June 28, 2011, and November 7, 2011.

The renewed petition is DISMISSED.

Petitioner is allowed a non-extendable period for reply of TWO (2) MONTHS from the mailing date of this communication to provide a response. The response should be titled, "Request for Reconsideration". No additional fees are due.

BACKGROUND

The record reflects that:

- on May 1, 2001, United States non-provisional patent application 09/441,869 matured into the subject patent 6,223,937.
- the 3.5 year maintenance fee could have been paid from May 1, 2004, to November 1, 2004, or with a surcharge, as authorized by 37 CFR 1.20(h), during the period from November 2, 2004, through May 1, 2005.
- the 3.5-year maintenance fee was not timely paid and the subject patent expired at midnight on May 1, 2005.
- the 7.5-year maintenance fee was due by May 1, 2009, and was also not paid.
- on June 29, 2010, a petition under 37 CFR 1.378(b) was filed. A Request for Information was mailed, responsively, on September 23, 2010.

- a Response to Request for Information was filed on November 23, 2010.
- on April 29, 2011, a decision was mailed dismissing the petition under 37 CFR 1.378(b)
- a petition under 37 CFR 1.378(e) was filed on June 28, 2011.
- a second Request for Information was mailed on September 7, 2011.
- a final Response to Request for Information was filed on November 7, 2011.

### STATUTES AND REGULATIONS

35 U.S.C. § 41(b) states, in pertinent part, that:

MAINTENANCE FEES.-- The Director shall charge the following fees for maintaining all patent based on applications filed on or after December 12, 1980:

- (1) 3 years and 6 months after grant, \$900.
- (2) 7 years and 6 months after grant, \$2,300.
- (3) 11 years and 6 months after grant, \$3,800.

Unless payment of the applicable maintenance fee is received in the United States Patent and Trademark Office in or before the date the fee is due or within a grace period of six months thereafter, the patent will expire as of the end of such grace period.

35 U.S. C. § 41(c)(1)

The Director may accept the payment of any maintenance fee required by subsection (b) of this section which is made within twenty-four months after the six month grace period if the delay is shown to the satisfaction of the Director to have been unintentional, or at any time after the six month grace period if the delay is shown to the satisfaction of the Director to have been unavoidable. The Director may require payment of a surcharge as a condition of accepting payment of any maintenance fee after the six-month grace period. If the Director accepts payment of a maintenance fee after the six month grace period, the patent shall be considered as not having expired at the end of the grace period.

35 U.S.C. § 41(h)(1)

Fees charged under subsection (a) or (b) shall be reduced by 50 percent with respect to their application to any small business concern as defined under section 3 of the Small Business Act, and to any independent inventor or non-profit organization as defined in regulations issued by the Director.

## 37 CFR 1.378(b)

Any petition to accept an unavoidably delayed payment of a maintenance fee filed under paragraph (a) of this section must include:

- (1) The required maintenance fee set forth in § 1.20(e) through (g);
- (2) The surcharge set forth in § 1.20(i)(1), and
- (3) A showing that delay was unavoidable since reasonable care was taken to ensure that the petition was filed promptly after the patentee was notified of, or otherwise became aware of, the expiration of the patent. The showing must enumerate the steps taken to ensure timely payment of the maintenance fee, the date and the manner in which patentee became aware of the expiration of the patent and the steps taken to file the petition promptly.

## 37 CFR 1.378(e)

Reconsideration of a decision refusing to accept a maintenance fee upon petition filed pursuant to paragraph (a) of this section may be obtained by filing a petition for reconsideration within two months of, or such other time as set the decision refusing to accept the delayed payment of the maintenance fee. Any such petition for reconsideration must be accompanied by the petition fee set forth in § 1.17(f). After the decision on the petition for reconsideration, no further review of the matter will be undertaken by the Director. If delayed payment of the maintenance fee is not accepted, the maintenance fee and the surcharge set forth in § 1.20(i) will be refunded following the decision on the petition for reconsideration, if none is filed. Any petition fee under this section will not be refunded unless the refusal to accept and record the maintenance fee is determined to result from error by the Patent and Trademark Office.

### THE STANDARD

37 CFR 1.378(b)(3) is at issue in this case. Acceptance of a late maintenance fee under the unavoidable delay standard is considered under the same standard for reviving an abandoned application under 37 CFR 1.137(a). This is a very stringent standard. Decisions on reviving abandoned applications on the basis of “unavoidable delay have adopted the reasonably prudent person standard in determining if the delay was unavoidable: The word ‘unavoidable’...is applicable to ordinary human affairs, and requires no more or no greater care or diligence than is generally used and observed by prudent and careful men in relation to their most important business<sup>2</sup>.

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<sup>2</sup> In re Mattullath, 38 App. D.C. 497, 514-515 (1912) (quoting Ex parte Pratt, 1887, Dec. Comm’r Pat. 31, 32-33 (1887)); see also Winkler v. Ladd, 221 F. Supp. 550, 138 U.S.P.Q. 666, 167-168 (D.D.C. 1963), aff’d, 143 U.S.P.Q. 172 (D.C. Cir. 1963); Ex parte Henrich, 1913 Dec. Comm’r Pat. 139, 141 (1913).

In addition decisions are made on a “case-by-case basis, taking all facts and circumstances into account.” Nonetheless, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was “unavoidable<sup>3</sup>.”

An adequate showing that the delay in payment of the maintenance fee was unavoidable within the meaning of 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) requires a showing of the steps taken to ensure the timely payment of the maintenance fees for this patent. Where the record fails to disclose that the patentee took reasonable steps, or discloses that the patentee took no steps, to ensure timely payment of the maintenance fee, 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3) precludes acceptance of the delayed payment of the maintenance fee under 37 CFR 1.378(b).

The burden of showing the cause of the delay is in on the person seeking to reinstate the patent<sup>4</sup>.

The Office must rely on the actions or inactions of duly authorized and voluntarily chosen representatives of the applicant, and the applicant is bound by the consequences of those actions or inactions<sup>5</sup>. Specifically, petitioner’s delay caused by the mistakes or negligence of his voluntarily chosen representative does not constitute unavoidable delay within the meaning of 35 USC 133<sup>6</sup>.

The actions of the attorney are imputed to the client, for when a petitioner voluntarily chooses an attorney to represent him, the petitioner cannot later avoid the repercussions of the actions or inaction of this selected representative, for clients are bound by acts of their lawyers/agents, and constructively possess “notice of all facts, notice of which can be charged upon the attorney<sup>7</sup>.”

Presuming for the purpose of discussion that it was an act/omission of Counsel that contributed to any of the delay herein, the act(s) omissions of the attorney/agent are imputed wholly to the applicant/client in the absence of evidence that the attorney/agent has acted to deceive the client. The actions or inactions of the attorney/agent must be imputed to the petitioners, who hired the attorney/agent to represent them. Link v. Wabash Railroad Co., 370 U.S. 626, 633-634, 82 S. Ct. 1386, 1390-91 (1962). The failure of a party’s attorney to take a required action or to notify the party of its rights does not create an extraordinary situation. Moreover, the neglect of a party’s attorney is imputed to that party and the party is bound by the consequences. See Huston v. Ladner, 973 F.2d 1564, 23 USPQ2d 1910 (Fed Cir. 1992); Herman Rosenberg and Parker Kalon Corp. v. Carr Fstener Co., 10 USPQ 106 (2d Cir. 1931).

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<sup>3</sup> Haines, 673 F. Supp. at 316-317, 5 U.S.P.Q.2d at 1121-32.

<sup>4</sup> Id.

<sup>5</sup> Link v. Wabash, 370 U.S. 626, 633-634 (1962).

<sup>6</sup> Haines, 673 F. Supp. at 316-17, 5 U.S.P.Q.2d at 1131-32; Smith v. Diamond, 209 USPQ 1091 (D.D.C. 1982); Potter v. Dann, 201 USPQ 574 (D.D.C. 1978); Ex parte Murray, 1891 Dec. Comm’r Pat. 103, 131 (Comm’r Pat. 1891).

<sup>7</sup> Link at 633-634.

The patent holder's reliance upon an attorney does not provide the patent holder with an absolute defense, but rather shifts the focus to whether the attorney acted reasonably and prudently. See California Medical Products v. Technol Med. Prod., 921 F. Supp. 1219, 1259 (D.Del. 1995).

### PETITIONER'S ARGUMENT

Petitioner argues that the above-cited patent should be reinstated because the delay in paying the 3.5-year and 7.5-year maintenance fees was unavoidable due to a docketing error that occurred in the offices of Baker Daniels, the firm charged with the responsibility of tracking and paying the 3.5-year and 7.5-year maintenance fees for the assignee of the patent, Iron Out, Inc. Specifically, petitioner surmises that Ms. Patrice Michele Potter, an employee of Baker Daniels, changed the status of the subject patent matter in the Computer Packages Inc. Patent Management System (CPi) to "abandoned" resulting in no indications by CPi that the maintenance fee for the patent was coming due. Petitioner maintains CPi is sufficiently reliable and reliance on it represented the exercise of due care. Further, petitioner concludes that clerical error of Ms. Potter was an isolated mistake on the part of Ms. Potter who is otherwise sufficiently trained and knowledgeable of the CPi system and that reliance on Ms. Potter represented the exercise of due care in the maintenance of the patent.

### OPINION

The explanation of the delay in paying the 3.5-year and 7.5-year maintenance fees has been considered, as well as the accompanying declarations and exhibits. It has been determined that all fail to meet the standard for acceptance of a late payment of the maintenance fee and surcharge as set by 35 U.S.C. 41(c) and 37 CFR 1.378(b)(3).

Petitioner provided an account of how the patent information is entered into the CPi docketing system, and states:

[t]o ensure that the dates in the CPI docket system were correct, the paralegal would print out a sheet that summarized the docket data entries for each matter. That sheet together with the physical file was then routed to the responsible attorney. The responsible attorney verified that the docket entries were correct...Baker & Daniels also used a periodic audit procedure to verify that data in the docket was accurate. All intellectual property paralegals and docket clerks throughout Baker & Daniels would periodically travel to the office whose docket data entry was being audited. One of the paralegals would run a docket report showing the docket entries for all active patent matters. The paralegals and docket clerks then reviewed the physical files for each matter and confirmed the accuracy of the data entered into the docket system.

*Excerpt taken from "Response to Request for Information" filed November 23, 2010, page 7.*

Ms. Patrice Potter, Paralegal on the Intellectual Property Group of Baker Daniels states that she followed these procedures relative to the subject patent and explains the "error" that resulted in the failure to pay the 3.5-year and 7.5-year maintenance fees as follows:

11. I have no memory of having done so, but based on review of the docket entries for the '937 Patent, I conclude that on December 26, 2002, I erroneously updated the "Application Status" field in the docket entry for the '937 Patent to "Abandoned"....

12. Because the '937 Patent was erroneously listed as "abandoned" in the docket system, data relating to the '937 Patent was not transferred to CPi when the docket data was electronically transferred to CPi... Therefore, the maintenance fee report for Iron Out would not have included the maintenance fee payment deadlines for the '937 Patent. This, the error of marking the '937 Patent was abandoned was the cause of the failure to pay the first and second maintenance fees of the '937 Patent and resulted in expiration of the '937 Patent.

*Excerpt taken from "Declaration of Patrice M. Potter", filed November 23, 2010, p.3.*

In the "Supplemental Declaration of Patrice M. Potter", Ms. Potter further explains that the initial docket entry for the subject patent was created on November 7, 2002, and that she did not change the status of the patent to "abandoned" until December 26, 2002. Further, Ms. Potter states that the CPi system gave her no warning on December 26, 2002, of the implications of changing the status of the patent to "abandoned".

It is noted that Section 711.03(c)(2) of the Manual of Patent Examining Procedure provides, in pertinent part that:

In addition, decisions on revival are made on a "case-by-case basis, taking all the facts and circumstances into account." *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 USPQ 977, 982 (D.C. Cir. 1982). Finally, a petition cannot be granted where a petitioner has failed to meet his or her burden of establishing that the delay was "unavoidable." *Haines v. Quigg*, 673 F. Supp. 314, 316-17, 5 USPQ2d 1130, 1131-32 (N.D. Ind. 1987).

A delay resulting from an error (e.g., a docketing error) on the part of an employee in the performance of a clerical function may provide the basis for a showing of "unavoidable" delay, provided it is shown that:

- (A) the error was the cause of the delay at issue;
- (B) there was in place a business routine for performing the clerical function that could reasonably be relied upon to avoid errors in its performance; and
- (C) the employee was sufficiently trained and experienced with regard to the function and routine for its performance that reliance upon such employee represented the exercise of due care.

Petitioner maintains that the docketing and auditing procedures of Baker Daniels during the relevant period were reasonably reliable such that reliance upon them represented the exercise of due care. In an effort to establish CPi as reliable docketing system in the industry, petitioner provides examples of many other firms that employ CPi. After consideration of the deployment of CPi specific to Baker Daniels and its office procedures, it is concluded that Baker Daniels deployment of CPi in conjunction with its own auditing procedures created a fundamental flaw in the maintenance fee tracking system. Proof that the use of CPi is an industry standard is not dispositive as each firm will have its own procedures for utilizing CPi and supplementary office policies associated therewith. Rather, it is reasonable to examine whether the operation of Baker Daniels entire business routine for tracking and paying maintenance fees was reasonably reliable. In this instance, Ms. Potter, without explanation, went into the CPi system and changed the status of the subject patent to “abandoned”. By Ms. Potter’s account, the CPi system, as it was designed at the time, provided no warning or alert of the implications that making the change to the status of the patent would have. Further, petitioner has not described any business routine in place that would have cross-checked such an action—an action that potentially has such far-reaching and detrimental effects if done in error. While Baker Daniels had in place a series of cross-checks when initially entering the patent information in CPi, neither Baker Daniels, nor the docketing system it employed, had safeguards against making erroneous status changes to the patent once the initial data was entered into the docketing system. Arguably, inputting the initial patent data correctly is as important as ensuring the status of the patent is accurate in the system. It is reasonable to expect that a docketing system geared toward the tracking and paying of maintenance fees would warn a user when an action taken in the system has the final effect of non-payment of the scheduled maintenance fee. It is also reasonable to expect that Baker Daniels would have in place a business routine that would not only ensure the accuracy of the initial patent data, but also the accuracy of any subsequent patent status changes. The absence of either of these safeguards belies the assertion that the business routine of Baker Daniels for ensuring the maintenance of the subject patent was reasonably reliable such that reliance thereon represented the exercise of due care.

It is further noted that Baker Daniels had in place an auditing procedure whereby the files of active patent were audited for accuracy and compliance. This business routine was of no consequence in this circumstance because Ms. Potter made the subject patent inactive in the docketing system. The auditing procedure does further illuminate how flawed the tracking and maintenance function of the CPi system as employed by Baker Daniels was in that the auditing procedure is only checking active files. Ms. Potter, or any other employee with access to the CPi system, could change the status of a patent without explanation or cross-check. In theory, the status of a patent might erroneously be made inactive by simply transposing the patent numbers. There would be no cross-check of this at the moment the error occurs and there is no way to realize the error during auditing. The docketing system is flawed in that it provides no reasonable guard against improper changes to the status of a patent. Likewise, the business routine is flawed because the auditing procedures provided no way to catch such an error. These situations reveal two fundamental flaws in Baker Daniels docketing procedures both of which are, arguably, avoidable.

Despite the procedures explained by petitioner for ensuring the accuracy of data in the docket entries as set forth above and the auditing procedures to ensure accuracy of that data, the inadequacy of the docketing procedures and business routine of Baker Daniels is further revealed by the fact that the status of the subject patent was incorrectly changed to “abandoned” and remained “abandoned” for eight years before the error was discovered. Further, it is revealing that the error was not discovered by Baker Daniels, but by outside counsel with which the patent counsel consulted. It is noted that only five of those years are material to the instant petition since the patent was allowed to expire in 2005 as a result of the clerical mistake.

Notwithstanding, petitioner has not established that the entire delay in paying the 3.5-year maintenance fee and 7.5-year maintenance fee was unavoidable as it is reasonable to expect that at some point in the five years since the patent expired that reasonable checks and cross-checks employed by Baker Daniels would have revealed that the status of the subject patent was incorrectly cited as “abandoned” and that the assignee gave no instruction to Baker Daniels to “abandoned” the patent. Petitioner has offered no explanation for these apparent failings of the docketing and clerical procedures and business routine employed by Baker Daniels or refuted the conclusion that these failings belie the assertion that the entire delay in paying the maintenance fee was unavoidable.

In the “Request for Information” mailed September 7, 2011, it was requested that petitioner explain why it was not reasonable to expect that at some point during the five year period from May 2005 until June 2010 that the patent holder may have performed its own investigation as to the status of the patent. Petitioner maintains that the patent holder has no obligation in this regard and that the patent holder satisfied its’ obligation to treat the maintenance of the patent as its most important business by retaining the services of a large and reputable law firm, such as Baker and Daniels to track and pay the maintenance fees. In support, petitioner provided the “Declaration of Joel E. Harter”, President of Iron Out, Inc., who states, in pertinent part:

4. Other than inquiring of my counsel at Baker & Daniels, I know of no way to determine the status of patents owned by [Iron Out, Inc.].

5. Petitioner’s small size, extremely limited patent holdings (only two during the period from May 2005 to June 2010) and my general lack of knowledge with respect to the patent system are among the reasons why Petitioner retained a large sophisticated law firm to track and pay patent maintenance fees.

*Excerpt taken from “Declaration of Joel E. Harter”, filed November 7, 2011, p. 1.*

A patentee, or assignee, is responsible for possessing knowledge of the need to pay maintenance fees and the due dates for such fees, notwithstanding whether petitioner is a sole inventor or affiliated with a large corporation.<sup>8</sup> Further, the patent holder’s reliance upon an attorney does

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<sup>8</sup>Nonawareness of PTO statutes, PTO rules, the MPEP, or Official Gazette notices, which state maintenance fee amounts and dates they are due does not constitute unavoidable delay. See *Smith v. Mossinghoff*, 671 F.2d 533, 538, 213 U.S.P.Q. \*BNA) 977 (Fed. Cir. 1982) (citing *Potter v. Dann*, 201 U.S.P.Q. (BNA) 574 (D.D.C. 1978) for the proposition that counsel’s nonawareness of PTO rules does not constitute “unavoidable” delay)); *Vincent v. Mossinghoff*, 1985 U.S. Dist. LEXIS 23119, 13, 230 U.S.P.Q. (BNA) 621 (D.D.C. 1985) (Plaintiffs, through their counsel’s actions, or their own must be held responsible for having



not provide the patent holder with an absolute defense, but rather shifts the focus to whether the attorney acted reasonably and prudently. See California Medical Products v. Technol Med. Prod., 921 F. Supp. 1219, 1259 (D.Del. 1995). Accordingly, though the patent holder may have acted diligently in retaining patent counsel to track and pay the maintenance fees, the patent holder is not forever relieved of the obligation to treat the maintenance of the patent as its most important business. In so doing, it is reasonable to expect that the patentee might, on occasion, access publicly available databases to ensure the patent was active or call the USPTO to ascertain the same, or even call his legal representative to ascertain the status of the patent. This is especially true and reasonable in this case where the patent holder, by its own admission, only held two patents during the relevant period. It would not have presented an undue burden to expect the patent holder to check on the status of two patents. It is conceded that the expiration of the patent may not have been avoided by the patent holder checking on the status of the patent, but it is reasonable to conclude that the period of time during which the patent remained expired may have been lessened considerably. In this regard, the failure of the patent holder to conduct a reasonable inquiry into the status of the patent may be considered to have contributed to the delay in paying the maintenance fees and such further undermines petitioner's argument that the entire delay in paying the maintenance fees—from the due date for the maintenance fees until the filing of a grantable petition under 37 CFR 1.378(b)—was unavoidable.

#### CONCLUSION

For the reasons stated above, the petition under 37 CFR 1.378(e) is **DISMISSED**.

Telephone inquiries concerning this matter may be directed to Kenya A. McLaughlin, Petitions Attorney, at (571) 272-3222.



Anthony Knight  
Director  
Office of Petitions  
United States Patent and Trademark Office

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noted the MPEP section and Official Gazette notices expressly stating that the certified mailing procedures outlined in 37 CFR 1.8(a) do not apply to continuation applications.) (Emphasis added).

Petitioner must act as a reasonable and prudent person in relation to his most important business. Upon obtaining the patent, a reasonable and prudent person, in relation to his most important business, would become familiar with the legal requirements of that business, in this case, the requirement to pay maintenance fees. In addition, a reasonable and prudent individual would read the patent itself and thereby become aware of the need to pay maintenance fees and the fact that such fee amounts are sometimes changed by law or regulation.